GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:5773
ANSWERED ON:02.05.2003
DEFAULT IN CREDIT CARDS
SHYAMA SINGH

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the cases of default in credit card business are increasing in nationalised and commercial banks in the country ;

(b) if so, the facts thereof ;

(c) whether the RBIhas recently directed banks to take immediate steps to reduce the incidence of default in credit card business; and

(d) if so, the steps taken by the banks in this regard particularly recovery of outstanding dues from credit card holders?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b) :- Reserve Bank of India (RBI) has reported that overdues in credit card business are increasing in some public sector banks as may be observed from the position given in the table below :-

(Figures in Rs. crores)

	No. of cards in force As on 31st March			Overdues in credit card business-As on 31st March		
	2000	2001	2002	2000	2001	2002
1. BOB cards (subsidiary of BOB)	144733	140751	123055	11.54 (69.32)	19.96 (81.75)	22.56 (76.91)
2. Corpo-ration Bank	2949	3228	3501	0.32 (6.64)	0.31 (6.75)	1.30 (7.51)
3. Dena Bank	6820	7900	7700	0.20 (0.77)	0.40 (1.11)	0.63 (1.26)
4. Punjab & Sind Bank	4455	4933	9748	0.59 (1.05)	0.62 (1.28)	0.68 (1.28)
5. SBI Cards & Payment Services Ltd.(Subsidiary of SBI)	269929	607069	902844	0.40 (112.56)	8.39 (278.67)	26.79 (474.90)

Note : Figures in brackets indicate total outstanding amount.

(c) :- Banks have been advised by RBIto take immediate steps to reduce the incidence of default in this business and closely monitor the recovery of credit cards outstandings. Banks may formulate specific Action plans to this effect with the approval of their Board of Directors. Banks are advised to observe the code of ethics formulated by the Indian Banks` Association while engaging recovery agents for collection of credit card overdues.

(d) :- Banks are taking various steps such as regular follow up by branches with the defaulting card holders, legal recourse, follow up through the field functionaries and recovery agents, blocking the usage of the card in case of non-repayment for 3 months consecutively, sending of monthly reminders etc.